

STATE OF CALIFORNIA  
DEPARTMENT OF CONSUMER AFFAIRS  
BOARD FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS

**INITIAL STATEMENT OF REASONS**

**Hearing Date:** April 26, 2002

**Subject Matter of Proposed Regulations:** Application and Renewal Fee Increase

**Sections Affected:** Title 16, Division 5, Section 407, California Code of Regulations

**SPECIFIC PURPOSE:**

The specific purpose of the regulation change is to increase exam application filing fees and renewal fees to ensure sufficient revenue is received to support the Board's exam costs and to ensure a prudent revenue reserve is available in the Board's fund as recommended by Department of Finance. This will enable the Board to continue administration of its exams and provide regulatory oversight of engineering and land surveyor professions.

**FACTUAL BASIS:**

The Board's mandate to protect the public health, safety, and welfare by licensing only qualified engineers and land surveyors through the enforcement of laws and regulations that govern these practices is dependant upon maintaining adequate financial resources. The Board conducted an internal analysis of the actual expenses associated with its exams and determined that the current fees are insufficient to cover costs of these exams. This imbalance of expenditures to revenue received has depleted the Board's fund reserve. The Board's current fund condition projects a deficit will occur in FY 2003/04 if additional revenue is not received in FY 2002/03. The analysis also determined that license renewal fee revenue subsidizes the cost of the Board's exams by over 50%. The additional revenue received from the increase in application filing fees will significantly reduce this subsidization to provide a more equal ratio of exam expenses to exam revenue. The proposed change from the four-year license renewal time period to a two-year renewal will provide the Board with reserve revenue needed for future expenditure increases and/or emergencies.

The Board for Professional Engineers and Land Surveyors is authorized by Business and Professions Code Sections 6799 and 8805 to establish the application fees for licensure as a Professional Engineer and/or Professional Land Surveyor. Legislation enacted last year, Senate Bill 136 (Stats. 2001, Chapter 495), increased the maximum application fees for Professional Engineers and Land Surveyors from \$175 to \$400 and for certification as an Engineer-in-Training and for a Land Surveyor-in-Training from \$60 to \$100. SB 136 also reduced the license renewal period from every four years to every

two years as authorized by Business and Professions Code Sections 6795 and 8801. These changes became effective January 1, 2002.

This proposal will amend Section 407 of the California Code of Regulations which identifies the specific fee amounts to be charged within the maximum fee levels stated in the Business and Professions Code. These fees were last increased in 1991, and they are now insufficient to cover the cost of administering the Board's exams. This proposal will amend Section 407 to reflect the increase in fees for applications, license renewals and temporary licenses as follows:

- (1) increase the professional engineer and professional land surveyor application fee to \$350;
- (2) increase the engineer-in-training and land-surveyor-in-training application fee to \$100;
- (3) decrease the licensure renewal period to every two years.

**UNDERLYING DATA:**

The Board relied upon the following staff reports:

- 1) Fee Restructure Issue Memo dated October 24, 2000 included as an attachment for Agenda Item entitled "Fee Restructure" for the October 25-26, 2000 Board and Committee meetings and presented to the Joint Legislative Sunset Review Committee (JLSRC) on November 2, 2000.
- 2) Attachment A (Analysis of Application Fee Alternatives) included for Agenda Item #10 entitled "Amendments to Board Rule 407" for the January 24-25, 2002 Board meeting.
- 3) Minutes of the January 24-25, 2002 Board meeting which identify the Board's motion and approval of the Board Rule 407 proposed fees.
- 4) Exam Cost Breakdown for Fiscal Year 2000/01 included as an Agenda Item for the March 7-8, 2002 Board Meeting.
- 5) Revenue and Expense Reports and Fund Condition Statements prepared February 6, 2002 for each reasonable fee increase alternative considered.

**BUSINESS IMPACT:**

These regulations will not have a significant adverse impact on business. The proposed regulations will only affect individual candidates who apply to take the examinations for registration as a professional engineer, professional land surveyor, engineer-in-training and/or land surveyor-in-training. The proposed regulations will also affect professional engineers and/or land surveyors who are licensed by the Board.

**SPECIFIC TECHNOLOGIES OR EQUIPMENT:**

These regulations do not mandate the use of specific technologies or equipment.

**CONSIDERATION OF ALTERNATIVES:**

Reasonable alternatives considered by the Board include:

- 1) An across-the-board averaged fee for all of the Board's exam application fees from \$175 to \$350 for PE/PLS and from \$60 to \$100 for EIT/LSIT with a corresponding 100% increase in renewal fees. The renewal fee amount would remain the same (\$160) for a biennial (two-year) renewal period instead of a quadrennial (4-year) renewal. This alternative will eliminate the FY 2003/04 deficit, help build up the Board's fund reserve, ensure the Board's total revenue supports the total budgeted expenses; reduce the amount of subsidization provided to the Exam Program from license renewals; and shorten the license renewal period to help eliminate the number of delinquent licenses that occur. This alternative will raise the PE/PLS application fees by 100%.
- 2) An across-the-board averaged fee for all of the Board's exam application fees from \$175 to \$400 for PE/PLS, no increase for EIT/LSIT, and 100% increase in renewal fees. In addition to providing the same benefits as Alternative #1, this alternative will keep the EIT/LSIT application fees at the existing fee amount so as to not discourage students with limited incomes from pursuing the engineering/land surveying field. However, this alternative will more than double PE/PLS application fees (129% increase).
- 3) An across-the-board averaged fee for all of the Board's exam application fees from \$175 to \$365 for PE/PLS, and from \$60 to \$100 for EIT/LSIT with a corresponding 100% increase in renewal fees. This alternative provides the same benefits as Alternative #1 but will more than double PE/PLS application fees (109% increase).
- 4) Change quadrennial renewal to biennial with no increase in application fees. This alternative would not be realized in time to eliminate the projected FY 2003/04 deficit. As there is a two-year lag period for biennial licenses issued before they renew, the increase in renewal fee revenue would not be realized until October 2004 for FY 2004/05. This is too late to eliminate the deficit that will occur in 2003 for FY 2003/04.